

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. O & C Division
811 S. 1st Street
Artesia, NM 88210-2834

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Marathon Oil Company

3a. Address

P.O. Box 552 Midland, TX 79702

3b. Phone No. (include area code)

800-351-1417

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface: UL "C", 503' FNL & 2310' FWL

Bottom Hole: UL "B", 1313' FNL & 1332' FEL,

Section 29, T-21-S, R-24-E

5. Lease Serial No.

LC-00351-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or N

Indian Hills Unit

NM 70964

8. Well Name and No.

Indian Hills Unit #27

9. API Well No.

30-015-31406

10. Field and Pool, or Exploratory Area

Indian Basin Upper Penn
Associated Gas Pool

11. County or Parish, State

Eddy NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Off-lease

storage & sales, &

Surface Commingle

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Marathon Oil Company, in accordance with 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 5, is requesting approval of off-lease storage, measurement and sales, and surface commingling of gas production from this well. Also, in accordance with 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4, we are requesting off-lease storage and sales, alternate measurement method, and surface commingling of any liquid hydrocarbons this well might make in the future.

The production from this well is sent from the wellhead to a 3 phase separator located at the satellite facility in Section 20, T-21-S, R-24-E, just north of the well's surface location. This separator is used to measure only the production from this well. After being measured, the gas production is transported via pipeline to the East Indian Basin Central Facility, Section 19, T-21-S, R-24-E, for compression, and then on to the Indian Basin Gas Plant for processing and sales. Any liquid hydrocarbons this well might produce in the future will be measured through this separator, using turbine meters as the alternate measurement method per prior approvals, then transported via pipeline to the East Indian Basin Central Facility where it will be again be separated, sent to the liquid hydrocarbon storage tanks, and then be metered and sold through a LACT unit.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ginny Larke

Title

Engineer Technician

Date

3/6/01

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) GARY GOURLEY

PETROLEUM ENGINEER

Date MAR 09 2001

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

RECEIVED
MAR 07 2001
BLM
ROSWEILL, NM

APPLICATION FOR SURFACE COMMINGLING
OFF-LEASE MEASUREMENT, STORAGE AND ALTERNATE MEASUREMENT
APPROVAL

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88220-1778

Marathon Oil Company is requesting approval for Surface Commingling, Off-Lease Storage, Measurement and Sales, and Alternate Measurement of hydrocarbon production from the following formation(s) and well(s) on:

Lease Name: **Indian Hills Unit**

<u>Well No.</u>	<u>UL</u>	<u>Sec</u>	<u>TWP</u>	<u>RNG</u>	<u>Formation</u>	<u>Fed. Lease #</u>	<u>COM</u>
Gas Com 27	B	29	21-S	24-E	Upper Penn	LC-064391-B	

Marathon would like to commingle the production from this well with the production of the following wells, which is commingled at the East Indian Basin Central Facility, (Order R-11186)

<u>WELL NO.</u>	<u>BOPD</u>	<u>API °</u>	<u>MCFD</u>
1	29	48.2	2568
8	51	35.7	2225
9	161	40.7	1938
10	335	46.3	5761
11	122	42.2	2109
12	118	40.6	587
17	395	41.3	2779
18	264	44.7	2322
19	145	45.8	3786
20	184	46.1	2954
21	364	41.5	7499
22	685	46.0	10868
24	53	48.0	4220
Gas Com 14	10	41.2	7185
Gas Com 13	83	44.8	5576
Gas Com 3	14	61.6	6135
IB "32" State 1-Y	11	48.2	8864
IB "32" State #2	4	56.0	9366
IB "32" State #3	80	38.6	1228
IB "32" State #4	103	41.2	3434

Liquid hydrocarbon production is measured using turbine meters, per prior approval. These meters are proved on a regular schedule. Maps are enclosed showing the lease numbers and location of all leases and wells that will contribute production to the commingling/common storage facility. Schematic

diagrams of the satellite facility are also attached which clearly identify all equipment that will be used.

The Storage and Measuring facility is located at UL "P", Sec. 19, T-21-S, R-24-E, Eddy County, New Mexico. The satellite facility is located in Section 20, T-21-S, R-24-E, Eddy County, NM. The BLM has been notified of these facilities in prior applications.

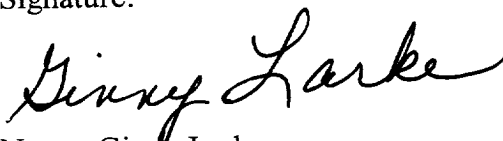
The gas, liquid hydrocarbons and water from this well will be sent from the wellhead to the satellite facility. A 3-phase separator will be dedicated to this well. After separation, the gas is metered at the satellite facility before being delivered to the compressors at the Storage and Measurement facility in Section 19. After compression, the gas is processed through a dehydrator, metered and delivered to the Indian Basin Gas Plant for further processing. The gas and NGLs will then be metered and sold at the tailgate of the plant.

The liquid hydrocarbons and water, after being metered through the separator at the satellite facility, will be recombined and then flow to a 3-phase separator at the Storage and Measurement facility in Section 19, via liquid pipeline. After separation, the liquid hydrocarbon production will be processed and stored in tanks at the Storage and Measurement facility. Processing may include the use of heat treating or other liquid hydrocarbon processing equipment. The liquid hydrocarbons will then be metered through a LACT unit, per prior approval, and sold at the truck loading rack. The water production, after being processed through the 3-phase separator at the Storage and Measurement facility, will be sent to the gun barrel for further separation. It will then be stored in tanks at the Storage and Measurement facility prior to being metered and pumped to the SWD system.

The working interest owners were notified of the original commingling proposal. The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. The proposed commingling is necessary for the continued operation of the above referenced Federal Leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by lease instrument and we will submit, within 30 days, an application for right-of-way to the BLM's Realty Section in your office, if we have not already done so. Additional wells will require additional commingling approvals.

Signature:



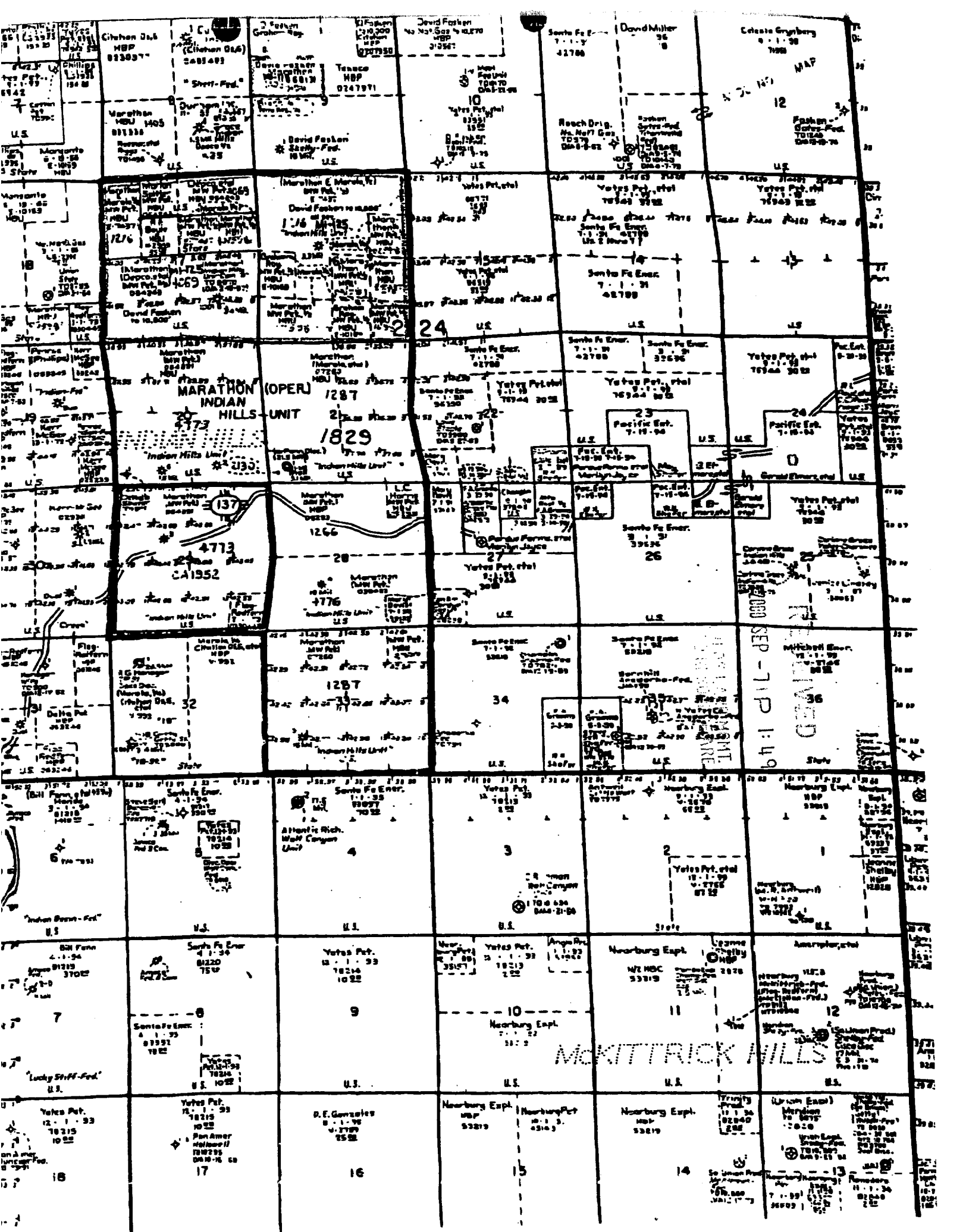
Name: Ginny Larke

Title: Engineer Technician

February 13, 2001

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Attachments

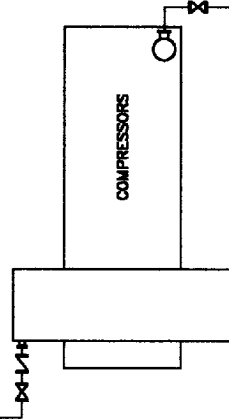
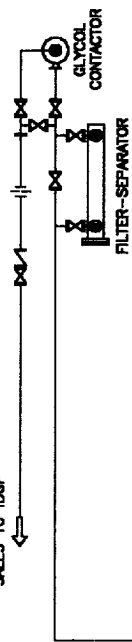


R-24-E

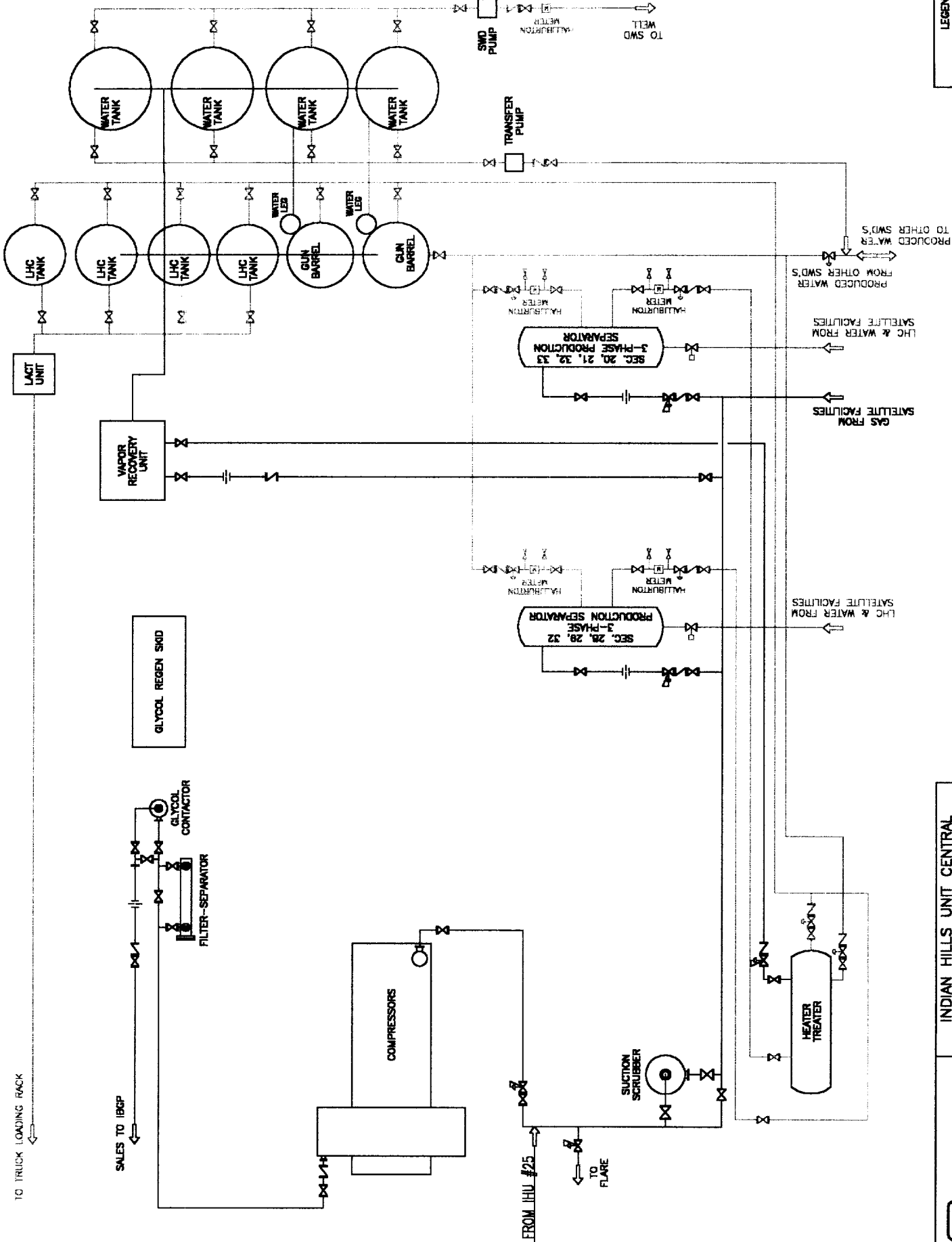
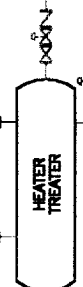


TO TRUCK LOADING RACK

SALES TO IBGP



FROM IHU #25
TO FLARE



LEGEND

---	GAS PIPING
---	LHC PIPING
---	WATER PIPING
---	LHC-WATER PIPING

INDIAN HILLS UNIT CENTRAL
PRODUCTION FACILITY
UL "P", SECTION 19,
T-21-S, R-24-E, EDDY CO., NM



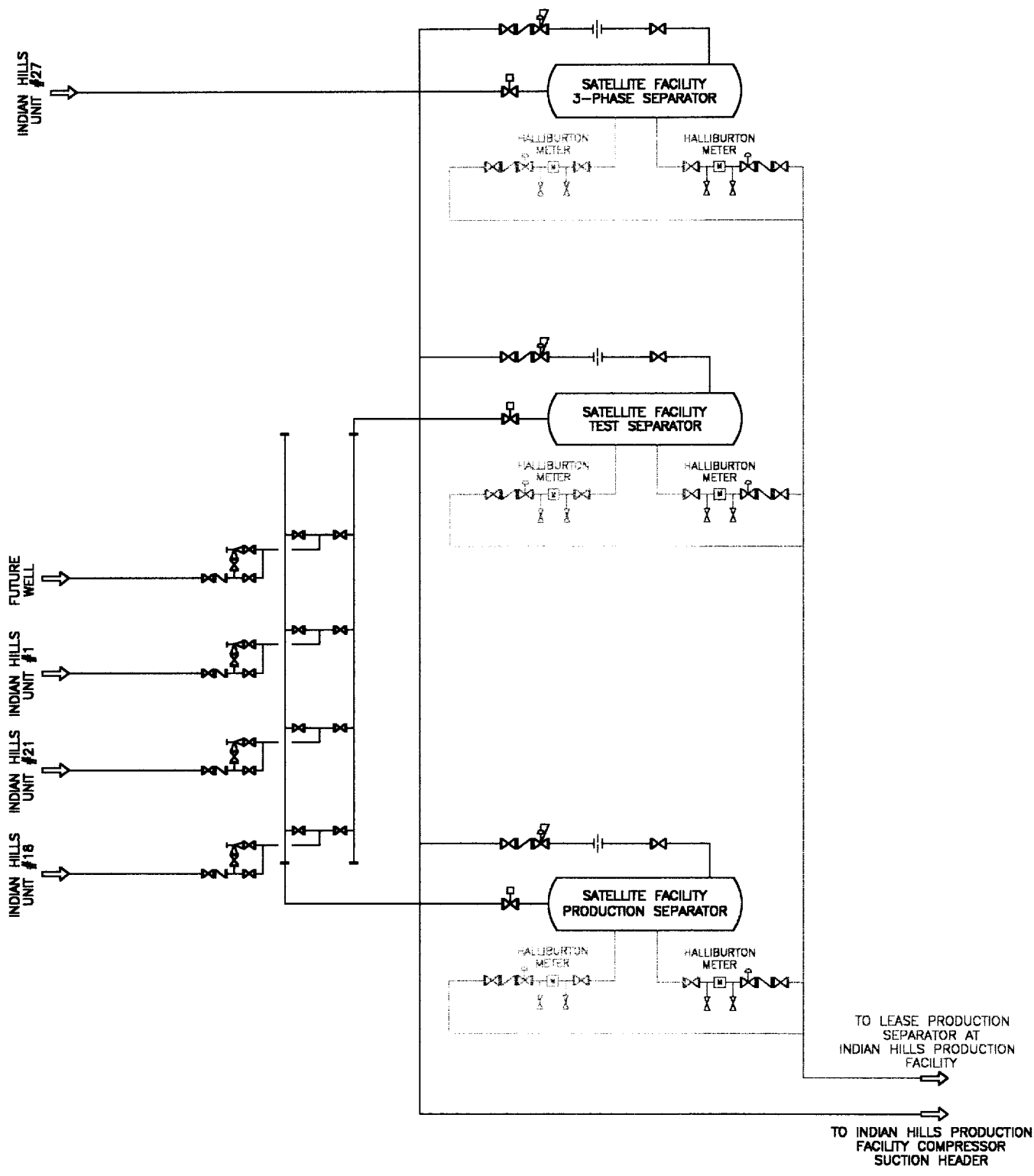
INDIAN HILLS
UNIT #27

FUTURE
WELL

INDIAN HILLS
UNIT #1

INDIAN HILLS
UNIT #21

INDIAN HILLS
UNIT #18



LEGEND

- LHC-GAS-WATER PIPING
- - - GAS PIPING
- ... LHC PIPING
- . - . - WATER PIPING
- . - . - LHC-WATER PIPING

SECTION 20 SATELLITE
SEPARATION FACILITY
STATION 120

